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#### EXTEND TIME FOR FINAL PROOF UNDER DESERT LAND LAWS

The Clerk called the bill (H.R. 11706) to authorize an extension of time for final proof under the desert land laws under certain conditions.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Interior is authorized, in his discretion, without regard to and in addition to extensions authorized or granted under the provisions of the Acts of March 28, 1908 (35 Stat. 52; 43 U.S.C. 333), April 30, 1912 (37 Stat. 106; 43 U.S.C. 334), March 4, 1915 (38 Stat. 1161; 43 U.S.C. 335), and February 25, 1925 (43 Stat. 982; 43 U.S.C. 336), or other provision of law existing prior to the date of the approval of this Act, to grant to any entryman of the class provided in section 2 of this Act, one extension of not more than three years within which to make final proof, but one additional extension of three years under this Act may be granted to any entryman upon a showing satisfactory to the Secretary that the entryman possesses adequate financing for completion facilities during the requested extension period.

Sec. 2. The benefits of this Act shall be limited to entrymen who, on the date of the approval of this Act, held an uncanceled entry under the desert land laws of the United States to reclaim public lands of the United States located on the Lower Palo Verde Mesa in the Palo Verde Irrigation District in Riverside County, California, who, with ninety days after approval of this Act, or prior to the cancellation of their entry for failure to submit satisfactory final proof, whichever is later, submit to the satisfaction of the Secretary, a showing that because of unavoidable delay in the construction of the irrigation works intended to convey water to the land embraced in their entry, they are, without fault on their part, unable to make final proof within the time limited therefor, and that the proposed irrigation works is feasible from a financial and engineering standpoint and can be developed within three years after the termination of the cause of the unavoidable delay. Within the meaning of this section 2 "unavoidable delay" shall include delay occasioned by litigation involving rights to water for the proposed irrigation works.

Sec. 3. The Secretary of the Interior is authorized, in his discretion, to accept as annual proofwork required prior to the date of approval of this Act sums of money expended for engineering or legal expenses incurred in obtaining, attempting to obtain, or perfecting water rights or irrigation works for entrymen included in section 2. For purposes of this section 3, sums paid in advance to an organization of entrymen for such expenses shall be considered so expended within the year of payment by the entrymen.

With the following committee amendments:

Page 2, line 3 after the word "of" insert "not more than".

Page 2, line 5, after the word "completion" insert "of the necessary irrigation facilities".

Page 2, line 12, after the word "California," insert "and".

Page 2, lines 22 and 23, strike out the words "developed within three years after the termination of the cause of the unavoidable delay," and insert in lieu thereof: "financed

within one extension period of not more than three years and can be completed either during such extension period or thereafter in one additional extension period of not more than three years."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

(Mr. SAUND asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. SAUND. Mr. Speaker, my bill—H.R. 11706—is designed to permit the completion of certain worthwhile irrigation developments on lands situated within my congressional district.

Under the bill, authority would be given to the Secretary of the Interior, under certain conditions set forth in the bill, to extend by not more than 3 years the time within which holders of desert land entries on public lands in the Lower Palo Verde Mesa, Riverside County, Calif., may complete the reclamation and cultivation of their entries as required by the Desert Land Act. A further extension of up to 3 years is also authorized if the entryman can show before the end of the first extension that he has adequate financing to complete his project during the additional period and if other requirements are met.

In addition, section 3 of the bill permits the acceptance of expenditures for engineering or legal expenses, including sums paid for these purposes to an organization of entrymen, as proof of the past annual expenditures for benefit of the entries required under the Desert Land Act. The minimum amount required for proof work is \$1 per acre per year.

H.R. 11706 is designed to afford relief to approximately 60 holders of desert land entries in the area described above. The entrymen are attempting to develop their lands for irrigation through the Palo Verde Irrigation District. The district's project to develop irrigation water from the Colorado River has been delayed by lack of financing. Financing could not be had because, at least in part, of uncertainty arising out of pending litigation between Arizona and California concerning rights to the use of Colorado River water. In the meanwhile, the time has expired or is expiring within which final proof of development must be made under the Desert Land Act.

Mr. Speaker, this is a bill worthy of the support of all of the Members of the House.

#### VALIDATING CERTAIN SALARY OVERPAYMENTS

The Clerk called the bill (H.R. 4271) to validate the salary overpayments made to certain officers and employees incident to the salary adjustment provisions of the Federal Employees Salary Increase Act of 1955, and for other purposes.

Mr. FORD. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

#### AMENDING CERTAIN LAWS CONCERNING STATE OF HAWAII

Mr. O'BRIEN of New York. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 11602) to amend certain laws of the United States in light of the admission of the State of Hawaii into the Union, and for other purposes.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Hawaii Omnibus Act".

##### PRINTING OUTSIDE UNITED STATES

Sec. 2. Subsection (a) of section 2 of the Act of August 1, 1956 (70 Stat. 890), is amended by striking out the words "the continental United States" and inserting in lieu thereof the words "the States of the United States and the District of Columbia".

##### SOIL BANK ACT

Sec. 3. Section 113 of the Soil Bank Act, as amended, is amended to read as follows: "This subtitle B shall apply to the several States and, if the Secretary determines it to be in the national interest, to the Commonwealth of Puerto Rico and the Virgin Islands; and as used in this subtitle B, the term 'State' includes Puerto Rico and the Virgin Islands."

##### ARMED FORCES

Sec. 4. (a) Title 10, United States Code, section 101(2), is amended by striking out the words "Hawaii or".

(b) Title 10, United States Code, sections 802(11) and 802(12), are each amended by striking out the words "the main group of the Hawaiian Islands,".

(c) Title 10, United States Code, section 2662(c), is amended by striking out the word "Hawaii,".

(d) Title 10, United States Code, is amended by striking out clause (6) of section 4744; by renumbering clauses (7) through (9) as clauses (6) through (8); by amending redesignated clause (8) to read as follows: "The families of persons described in clauses (1), (2), (4), (5), and (7)."; and by striking out the words "clause (8) or (9)" in the last sentence of such section and inserting in lieu thereof the words "clause (7) or (8)".

##### HOME LOAN BANK BOARD

Sec. 5. (a) Paragraph (3) of section 2 of the Federal Home Loan Bank Act, as amended, is further amended by striking out the words "the Virgin Islands of the United States, and the Territory of Hawaii" and by inserting in lieu thereof the words "and the Virgin Islands of the United States".

(b) Section 7 of the Home Owners' Loan Act of 1933, as amended, is further amended by striking out the words "Territory of Hawaii" and inserting in lieu thereof the words "State of Hawaii".

##### NATIONAL HOUSING ACT

Sec. 6. The National Housing Act is amended by striking out the word "Hawaii," in sections 9, 201(d), 207(a)(7), 601(d), 713(q), and 801(g).

##### SECURITIES AND EXCHANGE COMMISSION

Sec. 7. (a) Paragraph (6) of section 2 of the Securities Act of 1933, as amended, is further amended by striking out the word "Hawaii,".

(b) Paragraph (16) of section 3(a) of the Securities Exchange Act of 1934, as amended,

#### ADDITIONAL PAY FOR MANAGERS OF VA INSTALLATIONS

The Clerk called the bill (H.R. 9792) to amend section 4111 of title 38, United States Code, with respect to the salary of managers of Veterans' Administration hospitals, domiciliaries, and centers.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 4111(b) of title 38, United States Code, is amended by adding immediately after the first sentence thereof the following: "Notwithstanding any other provision of law, the per annum rate of salary of each individual serving as a manager of a hospital, domiciliary, or center shall not be less than (1) the rate of salary of the highest paid employee of the Veterans' Administration (other than himself) assigned to or employed at such hospital, domiciliary, or center, increased by (2) \$500 per annum."

With the following committee amendments:

On page 1, line 3, strike out "section" and insert "the first sentence of subsection".

On page 1, beginning on line 4, strike out "by adding immediately after the first sentence thereof the following" and insert "to read as follows".

On page 1, line 8, strike out "not".

On page 1, beginning on line 8, strike out "less than (1) the rate of salary of the highest paid employee of the Veterans' Administration (other than himself) assigned to or employed at such hospital, domiciliary, or center, increased by (2) \$500 per annum" and insert in lieu thereof "\$16,500; and that of each individual serving as a director of professional services at a hospital, domiciliary, or center shall be \$16,250".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended to read: "A bill to amend section 411 of title 38, United States Code, with respect to the salary of managers and directors of professional services of Veterans' Administration hospitals, domiciliaries, and centers."

A motion to reconsider was laid on the table.

#### CASTILLO DE SAN MARCOS NATIONAL MONUMENT, FLA.

The Clerk called the bill (H.R. 8226) to add certain lands to Castillo de San Marcos National Monument in the State of Florida.

Mr. WEAVER. Mr. Speaker, at the request of another Member, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

#### INCENTIVE PAY FOR PERSONNEL OF NUCLEAR SUBMARINES

The Clerk called the bill (H.R. 10500) to amend the Career Compensation Act of 1949 with respect to incentive pay for certain submarine service.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That subsection 204(a)(2) of the Career Compensation Act of 1949, as amended (37 U.S.C. 235(a)(2)), be amended to read, "(2) duty on board a submarine, including, in the case of nuclear-powered submarines, periods of training and rehabilitation after assignment thereto as determined by the Secretary concerned, and including submarines under construction from the time builders' trials commence";

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### SETTLEMENT OF AIRCRAFT CRASH AT LITTLE ROCK, ARK.

The Clerk called the bill (H.R. 11644) to remove the present \$5,000 limitation which prevents the Secretary of the Air Force from settling certain claims arising out of the crash of a U.S. Air Force aircraft at Little Rock, Ark.

There being no objection, the Clerk read the bill as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the \$5,000 limitation contained in section 2733 of title 10, United States Code, shall not apply with respect to claims arising out of the crash of a United States Air Force aircraft at Little Rock, Arkansas, on March 31, 1960.

Sec. 2. With respect to claims filed as a result of an aircraft crash described in the first section of this Act, the Secretary of the Air Force shall, within thirty months after the date of the enactment of this Act, report to Congress on—

(1) each claim settled and paid by him under this Act with a brief statement concerning the character and equity of each such claim, the amount claimed, and the amount approved and paid; and

(2) each claim submitted under this Act which has not been settled, with supporting papers and a statement of findings of facts and recommendations with respect to each such claim.

Sec. 3. No part of the amounts awarded under this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with these claims, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. LANE. Mr. Speaker, I ask unanimous consent that a similar Senate bill, S. 3338 be considered in lieu of the House bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There being no objection, the Clerk read the Senate bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the \$5,000 limitation contained in section 2733 of title 10, United States Code, shall not apply

with respect to claims arising out of the crash of a United States Air Force aircraft at Little Rock, Arkansas, on March 31, 1960.

Sec. 2. With respect to claims filed as a result of an aircraft crash described in the first section of this Act, the Secretary of the Air Force shall, within 30 months after the date of the enactment of this Act, report to Congress on—

(1) each claim settled and paid by him under this Act with a brief statement concerning the character and equity of each such claim, the amount claimed, and the amount approved and paid; and

(2) each claim submitted under this Act which has not been settled, with supporting papers and a statement of findings of facts and recommendations with respect to each such claim.

Sec. 3. Payments made pursuant to this Act for death, personal injury, and property loss claims, shall not be subject to insurance subrogation claims in any respect. No payments made pursuant to this Act shall include any amount for reimbursement to any insurance company or compensation insurance fund for loss payments made by such company or fund.

Sec. 4. No part of the amounts awarded under this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with these claims, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The proceedings by which H.R. 11644 was passed were vacated, and that bill was laid on the table.

#### CLAIMS OF CERTAIN EMPLOYEES OF THE ALASKA RAILROAD

The Clerk called the bill (H.R. 4084) to confer jurisdiction upon the Court of Claims to determine the amounts due and owing and render judgment upon the claims of certain employees of the Alaska Railroad for overtime work performed.

Mr. PELLY. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

#### AMENDING THE NATIONAL SCIENCE FOUNDATION ACT

The Clerk called the bill (H.R. 11985) to make American nationals eligible for scholarships and fellowships authorized by the National Science Foundation Act of 1950.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the second sentence of section 10 of the National Science Foundation Act of 1950 (64 Stat. 149, 152; 42 U.S.C., sec. 186b) is amended by adding the words "or nationals" after the word "citizens".

is further amended by striking out the word "Hawaii."

(c) Paragraph (37) of section 2(a) and paragraph (1) of section 6(a) of the Investment Company Act of 1940, as amended, are each amended by striking out the word "Hawaii."

(d) Paragraph (18) of section 202(a) of the Investment Advisers Act of 1940, as amended, is further amended by striking out the word "Hawaii."

#### SMALL BUSINESS INVESTMENT ACT

SEC. 8. Paragraph (4) of section 103 of the Small Business Investment Act of 1958 is amended by striking out the words "the Territories of Alaska and Hawaii."

#### SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT

SEC. 9. (a) Section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended, is further amended by striking out the words "in the continental United States, except in Alaska," and inserting in lieu thereof the words "in the States of the Union, except Alaska."

(b) Section 17(a) of the Soil Conservation and Domestic Allotment Act, as amended, is further amended to read as follows: "This Act shall apply to the States, the Commonwealth of Puerto Rico, and the Virgin Islands, and, as used in this Act, the term 'State' includes Puerto Rico and the Virgin Islands."

#### WATER STORAGE AND UTILIZATION

SEC. 10. Section 1 of the Act of August 28, 1937 (50 Stat. 869), as amended, is further amended by striking out the words "the United States, including the Territories of Alaska and Hawaii, and Puerto Rico and the Virgin Islands" and inserting in lieu thereof the words "the States of the United States and in Puerto Rico and the Virgin Islands".

#### WILDLIFE RESTORATION

SEC. 11. Section 2 of the Act of September 2, 1937 (50 Stat. 917), as amended, is further amended by striking out the words "; and the term 'State' shall be construed to mean and include the several States and the Territory of Hawaii".

#### FISHERY RESOURCES

SEC. 12. The Act of August 4, 1947 (61 Stat. 726), is amended—

(a) by striking out the words "the Territories and island possessions of the United States" and inserting in lieu thereof the words "the United States and its island possessions" in sections 1 and 2;

(b) by striking out the words "Territory of Hawaii and" in section 1;

(c) by striking out the word "Territorial" and inserting in lieu thereof the word "State" in section 3; and

(d) by striking out the words "Hawaiian Islands" and "Territory of Hawaii" and inserting in lieu thereof, in both cases, the words "State of Hawaii" in section 4.

#### FISH RESTORATION

SEC. 13. Section 2(d) of the Act of August 9, 1950 (64 Stat. 431), as amended, is further amended by striking out the words "; and the term 'State' shall be construed to mean and include the several States and the Territory of Hawaii".

#### CRIMINAL CODE

SEC. 14. (a) Title 18, United States Code, section 1401, is amended by striking out the words "the Territory of Alaska, the Territory of Hawaii,"

(b) Title 18, United States Code, section 5024, is amended by striking out the words preceding the first comma and inserting in lieu thereof the words "This chapter shall apply in the States of the United States".

(c) Section 6 of Public Law 85-752, as amended, is further amended by striking out the words preceding the first comma and inserting in lieu thereof the word "Sections

3 and 4 of this Act shall apply in the States of the United States".

#### EDUCATION

##### National Defense Education Act

SEC. 15. (a) (1) Subsection (a) of section 103 of the National Defense Education Act of 1958, relating to definition of State, is amended by striking out "Hawaii," each time it appears therein.

(2) (A) Paragraph (2), and subparagraph (C) of paragraph (3), of subsection (a) of section 302 of such Act, relating to allotments for science, mathematics, and foreign language instruction equipment, are each amended by striking out "continental United States" each time it appears therein and inserting in lieu thereof "United States".

(B) Effective in the case of promulgations of allotment ratios made, under section 302 of such Act, after enactment of this Act and before satisfactory data are available from the Department of Commerce for a full year on the per capita income of Alaska, subparagraph B of such paragraph (3) is amended to read:

"(B) The term 'United States' means the continental United States (excluding Alaska) and Hawaii."

(C) Effective in the case of promulgations of allotment ratios made under such section 302 after such data for a full year are available from the Department of Commerce, subparagraph (B) of such paragraph (3) is amended to read:

"(B) The term 'United States' means the fifty States and the District of Columbia."

Promulgations of allotment ratios made under such section 302 after such data for a full year are available from the Department of Commerce, but before such data are available therefrom for a full three-year period, shall be based on such data for such one full year or, when such data are available for a two-year period, for such two years.

(3) Section 1008 of such Act, relating to allotments to territories, is amended by striking out "Hawaii,"

##### Vocational education

(b) (1) Section 4 of the Act of March 10, 1924 (43 Stat. 18), extending the benefits of the Smith-Hughes vocational education law to Hawaii, is repealed.

(2) The last sentence of section 2 of the Act of February 23, 1917 (39 Stat. 930), relating to allotments for salaries of teachers of agricultural subjects, is amended by striking out "\$27,000" and inserting in lieu thereof "\$28,500". The last sentence of section 4 of such Act, as amended, relating to allotments for teacher training, is amended by striking out "\$98,500" and inserting in lieu thereof "\$105,200".

(3) Paragraph (1) of section 2 of the Vocational Education Act of 1946, relating to definition of States and Territories, is amended by striking out "the Territory of Hawaii."

(4) Subsection (e) of section 210 and subsection (a) of section 307 of such Act, relating to definition of State, are each amended by striking out "Hawaii,"

##### School construction assistance in federally affected areas

(1) Paragraph (13) of section 15 of the Act of September 23, 1950 (64 Stat. 967), as amended, relating to definition of State, is amended by striking out "Hawaii,"

##### School operation assistance in federally affected areas

(d) (1) The material in the parentheses in the first sentence of subsection (d) of section 3 of the Act of September 30, 1960, as amended, relating to determination of local contribution rate, is amended to read: "(other than a local educational agency in Puerto Rico, Wake Island, Guam, or the Virgin Islands, or in a State in which a substantial proportion of the land is in

unorganized territory for which a State agency is the local educational agency, or in a State in which there is only one local educational agency)".

(2) The fourth sentence of such subsection is amended by striking out "in the continental United States (including Alaska)" and inserting in lieu thereof "(other than Puerto Rico, Wake Island, Guam, or the Virgin Islands)" and by striking out "continental United States" in clause (ii) of such sentence and inserting in lieu thereof "United States (which for purposes of this sentence and the next sentence means the fifty States and the District of Columbia)". The fifth sentence of such subsection is amended by striking out "continental" before "United States" each time it appears therein and by striking out "(including Alaska)".

(3) The last sentence of such subsection is amended by striking out "Hawaii," and by inserting after "for which a State agency is the local educational agency," the following: "or in any State in which there is only one local educational agency,"

(4) Paragraph (8) of section 9 of such Act, relating to definition of State, is amended by striking out "Hawaii,"

##### Land-grant college aid

(e) Notwithstanding the last sentence of subsection (b) of section 5 of the Act entitled "An Act to provide for the admission of the State of Hawaii into the Union", approved March 18, 1959 (73 Stat. 4; Public Law 86-3), there is hereby authorized to be appropriated to the State of Hawaii the sum of \$6,000,000. Amounts appropriated under this subsection shall be held and considered to be granted to such State subject to those provisions of the Act entitled "An Act donating public lands to the several States and Territories which may provide colleges for the benefit of agriculture and the mechanic arts", approved July 2, 1862 (7 U.S.C. 301-308), applicable to the proceeds from the sale of land or land scrip.

##### IMPORTATION OF MILK AND CREAM

SEC. 16. Subsection (b) of section 9 of the Act of February 15, 1927 (44 Stat. 1103), as amended, is amended to read:

"(b) The term 'United States' means the fifty States and the District of Columbia."

##### OPIUM POPPY CONTROL

SEC. 17. Section 12 of the Opium Poppy Control Act of 1942, as amended, is further amended by deleting therefrom the words "the Territory of Hawaii,"

##### HIGHWAYS

SEC. 18. (a) The definition of the term "State" in title 23, United States Code, section 101(a), is amended to read as follows:

"The term 'State' means any one of the fifty States, the District of Columbia, or Puerto Rico."

(b) Sections 103(g) and 105(e) of title 23, United States Code, are repealed.

(c) Section 103(d) of title 23, United States Code, is amended to read as follows:

"(d) The Interstate System shall be designated within the United States, including the District of Columbia, and it shall not exceed forty-one thousand miles in total extent. It shall be so located as to connect by routes, as direct as practicable, the principal metropolitan areas, cities, and industrial centers, to serve the national defense and, to the greatest extent possible, to connect at suitable border points with routes of continental importance in the Dominion of Canada and the Republic of Mexico. The routes of this system, to the greatest extent possible, shall be selected by joint action of the State highway departments of each State and the adjoining States, subject to the approval by the Secretary as provided in subsection (e) of this section. All highways or routes included in the Interstate System as

inally approved, if not already coincident with the primary system, shall be added to said system without regard to the mileage limitation set forth in subsection (b) of this section. This system may be located both in rural and urban areas."

(d) Notwithstanding any other provision of law, for the purpose of expediting the construction, reconstruction, or improvement, inclusive of necessary bridges and tunnels, of the Interstate System, including extensions thereof through urban areas, designated in accordance with section 103(d) of title 23, United States Code, as amended by section 1 of this Act, the sum of \$12,375,000 shall be apportioned to the State of Hawaii out of the sum authorized to be appropriated for the Interstate System for the fiscal year ending June 30, 1962, under the provisions of section 108(b) of the Federal-Aid Highway Act of 1956 (70 Stat. 374), as amended by section 7(a) of the Federal-Aid Highway Act of 1958 (72 Stat. 89), such apportionment to be made at the same time such funds are apportioned to other States. The total sum to be apportioned under section 104(b)(5) of title 23, United States Code, for the fiscal year ending June 30, 1962, among the States other than Hawaii, shall be reduced by said sum apportioned to the State of Hawaii under this section. The Secretary of Commerce shall apportion funds to the State of Hawaii for the Interstate System for the fiscal year 1963 and subsequent fiscal years pursuant to the provisions of said section 104(b)(5) of title 23, United States Code, and, in preparing the estimates required by that section, he shall take into account the apportionment made to the State of Hawaii under this section.

(e) Section 127 of title 23, United States Code, is amended by adding at the end thereof the following sentence: "With respect to the State of Hawaii, laws or regulations in effect on February 1, 1960, shall be applicable for the purposes of this section in lieu of those in effect on July 1, 1956."

#### INTERNAL REVENUE

SEC. 19. (a) Section 4262(c)(1) of the Internal Revenue Code of 1954 (relating to the definition of "continental United States" for purposes of the tax on transportation of persons) is amended to read as follows:

"(1) CONTINENTAL UNITED STATES.—The term 'continental United States' means the District of Columbia and the States other than Alaska and Hawaii."

(b) Section 2202 of the Internal Revenue Code of 1954 (relating to missionaries in foreign service) is amended by striking out "the State, the District of Columbia, or Hawaii" and inserting in lieu thereof "the State or the District of Columbia".

(c) Section 3121(e)(1) of the Internal Revenue Code of 1954 (relating to a special definition of "State") is amended by striking out "Hawaii".

(d) Sections 3306(j) and 4233(b) of the Internal Revenue Code of 1954 (each relating to a special definition of "State") are amended by striking out "Hawaii, and".

(e) Section 4221(d)(4) of the Internal Revenue Code of 1954 (relating to a special definition of "State or local government") is amended to read as follows:

"(4) STATE OR LOCAL GOVERNMENT.—The term 'State or local government' means any State, any political subdivision thereof, or the District of Columbia."

(f) Section 4502(5) of the Internal Revenue Code of 1954 (relating to definition of "United States") is amended by striking out "the Territory of Hawaii".

(g) Section 4774 of the Internal Revenue Code of 1954 (relating to territorial extent of law) is amended by striking out "the Territory of Hawaii".

(h) Section 7653(d) of the Internal Revenue Code of 1954 (relating to shipments

from the United States) is amended by striking out "its possessions or the Territory of Hawaii" and inserting in lieu thereof "or its possessions".

(i) Section 7701(a)(9) of the Internal Revenue Code of 1954 (relating to definition of "United States") is amended by striking out "the Territory of Hawaii".

(j) Section 7701(a)(10) of the Internal Revenue Code of 1954 (relating to definition of "State") is amended by striking out "the Territory of Hawaii and".

(k) The amendments contained in subsections (a) through (j) of this section shall be effective as of August 21, 1959.

#### JUDICIARY

SEC. 20. Title 28, United States Code, section 91, and the Act of June 15, 1960 (64 Stat. 217), as amended, are each amended by striking out the words "Kure Island".

#### VOCATIONAL REHABILITATION

SEC. 21. (a) Subsection (g) of section 11 of the Vocational Rehabilitation Act, relating to definition of "State", is amended by striking out "Hawaii".

(b)(1) Subsections (h) and (i) of such section, relating to definition of allotment percentages and Federal shares for purposes of allotment and matching for vocational rehabilitation services grants, are each amended by striking out "continental United States" and inserting in lieu thereof "United States" and by striking out "(including Alaska)".

(2) Paragraph (1) of such subsection (h) is further amended by striking out "the allotment percentage for Hawaii shall be 50 per centum, and" in clause (B).

(3) Subsection (h) of such section is further amended by adding at the end thereof the following new paragraphs:

"(3) Promulgations of allotment percentages and computations of Federal shares made before satisfactory data are available from the Department of Commerce for a full year on the per capita income of Alaska shall prescribe for Alaska an allotment percentage of 75 per centum and a Federal share of 60 per centum and, for purposes of such promulgations and computations, Alaska shall not be included as part of the 'United States'. Promulgations and computations made thereafter but before per capita income data for Alaska for a full three-year period are available from the Department of Commerce shall be based on satisfactory data available therefrom for Alaska for such one full year or, when such data are available for a two-year period, for such two years.

"(4) The term 'United States' means (but only for purposes of this subsection and subsection (i)) the fifty States and the District of Columbia."

(4) Subsection (i) of such section is further amended by striking out "the Federal share for Hawaii shall be 60 per centum, and" in clause (B).

#### LABOR

SEC. 22. (a) Section 3(b) of the Act of June 6, 1933 (48 Stat. 114), as amended, is further amended by striking out the words "Hawaii, Alaska".

(b) Section 13(f) of the Fair Labor Standards Act, as amended, is further amended by striking out the words "Alaska; Hawaii".

(c) Section 17 of the Fair Labor Standards Act, as amended, is further amended by striking out the words "the District Court for the Territory of Alaska".

(d) Section 3(a)(9) of the Welfare and Pension Plans Disclosure Act is amended by striking out the word "Hawaii".

#### NATIONAL GUARD

SEC. 23. Title 32, United States Code, section 101(1), is amended by striking out the words "Hawaii or".

#### WATER POLLUTION CONTROL ACT

SEC. 24. (a)(1) Subsection (h) of section 5 of the Federal Water Pollution Control Act, relating to Federal share for purposes of program operation grants, is amended by striking out "continental United States" and inserting in lieu thereof "United States", by striking out "(including Alaska)", and by striking out, in clause (B) of paragraph (1), "for Hawaii shall be 50 per centum, and".

(2) Such subsection is further amended by adding at the end thereof the following new paragraphs:

"(3) As used in this subsection, the term 'United States' means the fifty States and the District of Columbia.

"(4) Promulgations made before satisfactory data are available from the Department of Commerce for a full year on the per capita income of Alaska shall prescribe a Federal share for Alaska of 50 per centum and, for purposes of such promulgations, Alaska shall not be included as part of the 'United States'. Promulgations made thereafter but before per capita income data for Alaska for a full three-year period are available for the Department of Commerce shall be based on satisfactory data available therefrom for Alaska for such one full year or, when such data are available for a two-year period, for such two years."

(b) Subsection (d) of section 11 of such Act, relating to definition of "State", is amended by striking out "Hawaii".

#### COAST AND GEODETIC SURVEY

SEC. 25. The first sentence of section 1 of the Act of August 3, 1956 (70 Stat. 988), is amended by striking out the words "the several States" and inserting in lieu thereof the words "the States of the continental United States, excluding Alaska".

#### VETERANS' ADMINISTRATION

SEC. 26. (a) Title 38, United States Code, section 624(a), is amended by striking out the words "outside the continental limits of the United States, or a Territory, Commonwealth, or possession of the United States" and inserting in lieu thereof "outside any State".

(b) The first sentence of title 38, United States Code, section 903(b), is amended to read as follows: "In addition to the foregoing, when such a death occurs in the continental United States or Hawaii, the Administrator shall transport the body to the place of burial in the continental United States or Hawaii."

(c) Title 38, United States Code, section 2007(c), is amended by striking out the word "Hawaii".

#### DAVIS-BACON ACT

SEC. 27. Section 1 of the Act of March 3, 1931 (46 Stat. 1494), as amended, is further amended by striking out the words "the Territory of Alaska, the Territory of Hawaii," and the words "or the Territory of Alaska, or the Territory of Hawaii".

#### FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT

SEC. 28. The Federal Property and Administrative Services Act of 1949, as amended, is further amended by—

(a) striking out the words "continental United States (including Alaska), Hawaii," in section 3(f) and inserting in lieu thereof the words "States of the Union, the District of Columbia,";

(b) striking out the words "continental United States, its Territories, and possessions" in section 211(j) and inserting in lieu thereof the words "States of the Union, the District of Columbia, Puerto Rico, and the possessions of the United States";

(c) striking out the words "continental limits of the United States" in section 404(c) and inserting in lieu thereof the words "States of the Union and the District of Columbia"; and

(d) striking out the words "and the Territory of Hawaii" in section 702(a).

#### BUY AMERICAN ACT

SEC. 29. Section 1(b) of title III of the Act of March 3, 1933 (47 Stat. 1520), as amended, is amended by striking out the word "Hawaii,".

#### PUBLIC HEALTH SERVICE ACT

SEC. 30. (a) Subsection (f) of section 2 of the Public Health Service Act, relating to definition of State, is amended by striking out "Hawaii,".

(b) The first sentence of section 331 of such Act, relating to receipt and treatment of lepers, is amended by striking out "Territory, or the District of Columbia". The fifth sentence of such section is amended by striking out "the Territory of Hawaii" and inserting in lieu thereof "Hawaii".

(c) Subsection (c) of section 361 of such Act, relating to regulations governing apprehension and detention of persons to prevent the spread of a communicable disease, is amended by striking out "the Territory of Hawaii,".

(d) (1) Clause (2) of subsection (a) of section 631 of such Act, relating to definition of allotment percentage for purposes of allotments for construction of hospitals and other medical service facilities, is amended by striking out "the allotment percentage for Hawaii shall be 50 per centum, and".

(2) Such subsection is further amended by striking out "continental United States (including Alaska)" and inserting in lieu thereof "United States".

(3) Subsection (b) of such section, relating to promulgation of allotment percentages, is amended by striking out "continental United States" and inserting in lieu thereof "United States". Such subsection is further amended by inserting "(1)" after "(b)" and by adding at the end thereof the following new paragraphs:

"(2) The term 'United States' means (but only for purposes of this subsection and subsection (a)) the fifty States and the District of Columbia;

"(3) Promulgations made before satisfactory data are available from the Department of Commerce for a full year on the per capita income of Alaska shall prescribe an allotment percentage for Alaska of 50 per centum and, for purposes of such promulgation, Alaska shall not be included as part of the 'United States'. Promulgations made thereafter but before per capita income data for Alaska for a full three-year period are available from the Department of Commerce shall be based on satisfactory data available therefrom for Alaska for such one full year or, when such data are available for a two-year period, for such two years;"

(4) Subsection (d) of such section, relating to definition of State, is further amended by striking out "Hawaii,".

#### SOCIAL SECURITY ACT

SEC. 31. (a) (1) Paragraph (8) of subsection (a) of section 1101 of the Social Security Act, relating to definition of Federal percentage for purposes of matching for public assistance grants, is amended by striking out "continental United States (including Alaska)" and inserting in lieu thereof "United States".

(2) Subparagraph (A) of such paragraph is further amended by striking out "(1)" and by striking out "and (1) the Federal percentage shall be 50 per centum for Hawaii".

(3) Such paragraph is further amended by adding after subparagraph (B) the following new subparagraphs:

"(C) The term 'United States' means (but only for purposes of subparagraphs (A) and (B) of this paragraph) the fifty States and the District of Columbia.

"(D) Promulgations made before satisfactory data are available from the Department of Commerce for a full year on the per

capita income of Alaska shall prescribe a Federal percentage for Alaska of 50 per centum and, for purposes of such promulgations, Alaska shall not be included as part of the 'United States'. Promulgations made thereafter but before per capita income data for Alaska for a full three-year period are available from the Department of Commerce shall be based on satisfactory data available therefrom for Alaska for such one full year or, when such data are available for a two-year period, for such two years."

(b) (1) Subsections (a), (b), and (c) of section 524 of such Act, relating to the definition of allotment percentages and Federal shares for purposes of allotment and matching for child welfare services grants, are each amended by striking out "continental United States (including Alaska)" and inserting in lieu thereof "United States".

(2) Such section is further amended by adding after subsection (c) the following new subsections:

"(d) For purposes of this section, the term 'United States' means the fifty States and the District of Columbia.

"(e) Promulgations made before satisfactory data are available from the Department of Commerce for a full year on the per capita income of Alaska shall prescribe a Federal share for Alaska of 50 per centum and, for purposes of such promulgations, Alaska shall not be included as part of the 'United States'. Promulgations made thereafter but before per capita income data for Alaska for a full three-year period are available from the Department of Commerce shall be based on satisfactory data available therefrom for Alaska for such one full year or, when such data are available for a two-year period, for such two years."

(c) (1) The last sentence of subsection (i) of section 202 of the Social Security Act is amended by striking out "forty-nine" and inserting in lieu thereof "fifty".

(2) Subsections (h) and (i) of section 210 of such Act relating to definitions of State and United States for purposes of old-age, survivors, and disability insurance, are each amended by striking out "Hawaii,". Such subsection (h) is further amended by striking out the comma after "District of Columbia".

(d) (1) Paragraph (1) of subsection (a) of section 1101 of such Act, relating to definition of State, is amended by striking out "Hawaii" and

(2) Paragraph (2) of such subsection, as amended, relating to definition of "United States", is amended by striking out "Hawaii,".

(e) Subparagraph (C) and (G) of paragraph (6) of subsection (d) of section 218 of the Social Security Act, as amended, are each further amended by striking out "the Territory of" and "or Territory" each time they appear therein.

(f) Subsection (p) of such section is amended by striking out "Territory of".

(g) The last sentence of subsection (a) of section 1501 of the Social Security Act is amended by striking out "Alaska, Hawaii,".

#### SMALL RECLAMATION PROJECTS

SEC. 32. The Small Reclamation Projects Act of 1956 (70 Stat. 1044), as heretofore and hereafter amended, shall apply to the State of Hawaii.

#### CONGRESSIONAL RECORD

SEC. 33. Section 73 of the Act of January 12, 1895 (28 Stat. 617), as amended, is further amended by striking out the word "Hawaii,".

#### FEDERAL REGISTER

SEC. 34. Section 8 of the Federal Register Act (49 Stat. 502), as amended, is further amended by striking out the words "continental United States (including Alaska)" and inserting in lieu thereof the words "States of the Union and the District of Columbia".

#### HOME PORTS OF VESSELS

SEC. 35. Section 1 of the Act of February 16, 1925 (43 Stat. 947), as amended, is further amended by striking out the words "Alaska, Hawaii, and".

#### MERCHANT MARINE ACT, 1936

SEC. 36. (a) Subsection (a) of section 505 of the Merchant Marine Act, 1936, as amended, is further amended by adding at the end thereof the following new sentence: "For the purposes of this subsection, the term 'continental limits of the United States' includes the States of Alaska and Hawaii."

(b) Section 606 of such Act, as amended, is further amended by adding at the end thereof the following new sentence: "For the purposes of this section, the term 'continental limits of the United States' includes the States of Alaska and Hawaii."

(c) Section 702 of such Act, as amended, is further amended by adding at the end thereof the following new sentence: "For the purposes of this section, the term 'continental United States' includes the States of Alaska and Hawaii."

#### COMMUNICATIONS ACT

SEC. 37. Section 222(a)(10) of the Communications Act of 1934 is amended by striking out the words "the several States and the District of Columbia" and inserting in lieu thereof the words "the District of Columbia and the States of the Union, except Hawaii".

#### AIRCRAFT LOAN GUARANTEES

SEC. 38. Section 3 of the Act of September 7, 1957 (71 Stat. 629), as amended, is further amended by striking out the words "Territory of Hawaii" and inserting in lieu thereof the words "State of Hawaii".

#### REAL PROPERTY TRANSACTIONS

SEC. 39. Section 43(c) of the Act of August 10, 1956 (70A Stat. 636), as amended, is further amended by striking out the words "United States, Hawaii," and inserting in lieu thereof the words "States of the Union, the District of Columbia,".

#### SELECTIVE SERVICE

SEC. 40. Section 16(b) of the Universal Military Training and Service Act, as amended, is further amended by striking out the word "Hawaii,".

#### REPORTS ON FEDERAL LAND USE

SEC. 41. The President shall prescribe procedures to assure that the reports to be submitted to him by Federal agencies pursuant to section 5(e) of the Act of March 18, 1959 (73 Stat. 6), providing for the admission of the State of Hawaii into the Union, shall be prepared in accordance with uniform policies and coordinated within the executive branch.

#### HAWAIIAN HOMES COMMISSION LANDS

SEC. 42. Section 5(b) of the Act of March 18, 1959 (73 Stat. 5), is amended by inserting, immediately following the words "public property" the words "and to all lands defined as 'available lands' by section 203 of the Hawaiian Homes Commission Act, 1920, as amended,".

#### LEASE BY UNITED STATES OF PUBLIC PROPERTY OF HAWAII

SEC. 43. Until August 21, 1964, there shall be covered into the treasury of the State of Hawaii the rentals or consideration received by the United States with respect to public property taken for the uses and purposes of the United States under section 91 of the Hawaii Organic Act and thereafter by the United States leased, rented, or granted upon revocable permits to private parties.

#### TRANSFER OF RECORDS

SEC. 44. (a) There are hereby transferred to the State of Hawaii all records and other papers that were made or received by any Federal or territorial agency, or any predecessor thereof, in connection with the per-

formance of functions assumed in whole or in substantial part by the State of Hawaii. There are hereby also transferred to the State of Hawaii all records and other papers in the custody of the Public Archives of Hawaii that were made or received by any Federal agency.

(b) There are also hereby transferred to the State of Hawaii all books, publications, and legal reference materials which are owned by the United States and which were, prior to the admission of Hawaii to the Union, placed in the custody of courts, libraries, or territorial agencies in Hawaii in order to facilitate the performance of functions conferred on such courts or agencies by Federal law.

#### USE OF G.S.A. SERVICES OR FACILITIES

SEC. 45. The Administrator of General Services is authorized to make available to the State of Hawaii such services or facilities as are determined by the Administrator to be necessary for an interim period, pending provision of such services or facilities by the State of Hawaii. Such interim period shall not extend beyond August 21, 1964. Payment shall be made to the General Services Administration by the State of Hawaii for the cost of such services or facilities to the Federal Government, as determined by the Administrator.

#### PURCHASES OF TYPEWRITERS

SEC. 46. Title I of the Independent Offices Appropriation Act, 1960, is amended by striking out the words "for the purchase within the continental limits of the United States of any typewriting machines" and inserting in lieu thereof "for the purchase within the States of the Union and the District of Columbia of any typewriting machines".

#### FEDERAL MARITIME BOARD

SEC. 47. Section 18(a) of the Act of March 18, 1959 (73 Stat. 12), providing for the admission of the State of Hawaii into the Union, is amended by striking out the words "or is conferring" and inserting in lieu thereof the words "or as conferring".

#### TARIFF ACT OF 1930

SEC. 48. Section 309(a) of the Tariff Act of 1930, as amended (19 U.S.C. 1309(a)), is amended by inserting "or between Hawaii and any other part of the United States or between Alaska and any other part of the United States" immediately after "possessions" wherever it appears.

#### EFFECTIVE DATES

SEC. 49. (a) The amendments made by section 15(a)(2)(A), by section 24(a), by paragraphs (1), (2), and 3 of section 30(d), by subsection (b), and paragraphs (1) and (3) of subsection (a), of section 31, and, except as provided in subsection (g) of this section, by section 21(b) shall be applicable in the case of promulgations or computations of Federal shares, allotment percentages, allotment ratios, and Federal percentages, as the case may be, made after August 21, 1959.

(b) The amendments made by paragraph (2) of section 31(a) shall be effective with the beginning of the calendar quarter in which this Act is enacted. The Secretary of Health, Education, and Welfare shall, as soon as possible after enactment of this Act, promulgate a Federal percentage for Hawaii determined in accordance with the provisions of subparagraph (B) of section 1101(a)(8) of the Social Security Act, such promulgation to be effective for the period beginning with the beginning of the calendar quarter in which this Act is enacted and ending with the close of June 30, 1961.

(c) The amendment made by paragraphs (1) and (2) of subsection (b) and paragraphs (1), (2), and (3) of subsection (d) of section 15 shall be applicable in the case of fiscal years beginning after June 30, 1960.

(d) The amendments made by paragraphs (1) and (3) of section 15(a) shall be applicable, in the case of allotments under section 302(b) or 502 of the National Defense Education Act of 1958, for fiscal years beginning after June 30, 1960, and, in the case of allotments under section 302(a) of such Act, for fiscal years beginning after allotment ratios, to which the amendment made by paragraph (2) of section 15(a) is applicable, are promulgated under such section 302(a).

(e) The amendment made by section 31(c)(1) shall be applicable in the case of deaths occurring on or after August 21, 1959.

(f) The amendments made by subsection (c), paragraphs (3) and (4) of subsection (b), and paragraph (4) of subsection (d) of section 15, by section 21(a), by section 24(b), by subsections (a), (b), and (c), and paragraph (4) of subsection (d), of section 30, and by subsection (d), and paragraph (2) of subsection (c), of section 31 shall become effective on August 21, 1959.

(g) (1) The allotment percentage determined for Alaska under section 11(h) of the Vocational Rehabilitation Act, as amended by this Act, for the first, second, third, and fourth years for which such percentage is based on the per capita income data for Alaska shall be increased by 76 per centum, 64 per centum, 52 per centum, and 28 per centum, respectively, of the difference between such allotment percentage for the year involved and 75 per centum.

(2) The Federal share for Alaska determined under section 11(1) of the Vocational Rehabilitation Act, as amended by this Act, for the first year for which such Federal share is based on per capita income data for Alaska shall be increased by 70 per centum of the difference between such Federal share for such year and 60 per centum.

(3) If such first year for which such Federal share is based on per capita income data for Alaska is any fiscal year ending prior to July 1, 1962, the adjusted Federal share for Alaska for such year for purposes of section 2(b) of the Vocational Rehabilitation Act shall, notwithstanding the provisions of paragraph (3)(A) of such section 2(b), by the Federal share determined pursuant to paragraph (2) of this subsection.

(4) Section 47(c) of the Alaska Omnibus Act (Public Law 86-70) is repealed.

(h) The amendment made by section 48 shall apply only with respect to articles withdrawn as provided in section 309(a) of the Tariff Act of 1930, as amended, on or after the date of the enactment of this Act.

#### ADMINISTRATION OF PALMYRA, MIDWAY, AND WAKE

SEC. 50. Until Congress shall provide for the government of Palmyra Island, Midway Island, and Wake Island, all executive and legislative authority necessary for the civil administration of Palmyra Island, Midway Island, and Wake Island, and all judicial authority other than that contained in the Act of June 15, 1950 (64 Stat. 217), as amended, shall continue to be vested in such person or persons and shall be exercised in such manner and through such agency or agencies as the President of the United States may direct or authorize. In the case of Palmyra Island, such person or persons may confer upon the United States District Court for the District of Hawaii such jurisdiction (in addition to that contained in such Act of June 15, 1950), and such judicial functions and duties as he or they may deem appropriate for the civil administration of such island.

#### OTHER SUBJECTS

SEC. 51. The amendment by this Act of certain statutes by deleting therefrom specific references to Hawaii or such phrases as "Territory of Hawaii" shall not be construed to affect the applicability or inapplicability in or to Hawaii or other statutes not so amended.

#### SEPARABILITY

SEC. 52. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of this Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

The SPEAKER. Is a second demanded?

Mr. SAYLOR. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second is considered as ordered.

There was no objection.

Mr. O'BRIEN of New York. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, this bill, H.R. 11602, might be accurately described as an epilog to statehood. Until 2 years ago the Subcommittee on Territorial and Insular Affairs handled a great many bills dealing with the then territories of Hawaii and Alaska. Congress, in its wisdom, in these last 2 years has voted to bring those territories into the Union as States.

A year ago as a result of the granting of statehood to Alaska we approved here the so-called Alaska omnibus bill. Now we come before the House with the Hawaii omnibus bill.

I might say, Mr. Speaker, that this legislation is necessary because of the numerous changes which must occur when an area passes from territorial status to that of statehood. The basic purpose of this bill is to accomplish those changes in Federal laws which have become necessary and desirable because of Hawaii's admission into the Union on an equal footing with the other States in all respects whatsoever.

The President noted in his 1961 budget message to Congress that, "As in the case of Alaska, comprehensive legislation will be necessary to enable Hawaii to take its place as the equal of the other 49 States."

Mr. Speaker, this is a bulky bill but many of the sections are technical and merely change the status of Hawaii to that of any other State under existing law.

I think the committee, which conducted full hearings and which reported this bill out unanimously, has prepared and submitted to the House a conservative and reasonable bill which will do the job and which will enable Hawaii to take its full place as the 50th State in the Union.

The cost of the omnibus bill is slightly in excess of \$6 million, compared with the \$10 million cost of the Alaska omnibus bill. The principal item of cost in this measure is \$6 million in lieu of land grants. As we know, when each of the other States came into the Union they were given land in place of land scrip, and the moneys evolved from those grants were used to support their land-grant colleges, agricultural colleges.

Hawaii comes before Congress in a rather unusual position. We do not have the vast land holdings which were in being at the time the other States were admitted.

The land which does exist in Hawaii is owned in large measure by private enterprise or by the Federal Government.

It would be impossible to devise a bill under which we could give to Hawaii the kind of land grant that we gave to Alaska and to the other States which came into the Union. The very zealous and hard-working, capable Representative from Hawaii, Congressman INOUE, came before the committee and proposed that we follow a formula. He suggested that in the past we have given to each new State the equivalent of 30,000 acres for each Representative in Congress. That would spell out to 90,000 acres in the present instance. Well, we do not have the acres—so he took the 90,000 acres and multiplied that by the fair valuation of land in Hawaii and came up with a figure of \$36 million. The committee considered his request, and then decided unanimously to reduce that sum to one-sixth or \$6 million. I would like to point out that of all of the 50 States in the Union, Hawaii is the only State that has not been granted any land in place or in script for the specific purpose of establishing a college for the teaching of the agricultural and mechanical arts. May I say, Mr. Speaker, in that connection, the establishment of such a college and the development of such a college in Hawaii would be of tremendous benefit not only to the rest of the Nation but to the friendly peoples in the Pacific, many of whose young people study at the University of Hawaii. They would be able to acquire agricultural and mechanical skills which could be used, in my opinion, much more effectively than some of the moneys that we have granted to countries under the heading of Foreign Aid or Mutual Aid. I believe that this \$6 million would be a splendid investment. I believe it is a fair compromise in view of the fact that we have given other States land in place of script.

Mr. ASPINALL. Mr. Speaker, would my colleague from New York yield?

Mr. O'BRIEN of New York. I yield to the gentleman from Colorado.

Mr. ASPINALL. I think it should be understood that the State of Hawaii does not get an outright grant, but that the money is placed in trust and the investment interest of the money is at the discretion of the State of Hawaii for this particular project; is that not correct?

Mr. O'BRIEN of New York. The gentleman is very correct.

Mr. ASPINALL. While I am on my feet, Mr. Speaker, may I congratulate my distinguished friend and coworker on the Committee on Interior and Insular Affairs for the fine work he has done in this field. In his operations and labors in the Congress, he has been indefatigable. His decisions have been worthy of commendation, effective, and constructive. I wish also to join in the fine compliment he has paid to our new Congressman from Hawaii, Mr. INOUE.

Mr. O'BRIEN of New York. I thank the gentleman. I would restate what the chairman of the full committee has said, that this money is not an outright grant. It must be placed in trust and only the income can be used for the purposes of an agricultural college.

Mr. Speaker, there are many other matters in this legislation, but I assure

the House that virtually all of them are changes which must be made in connection with the transformation from territorial to statehood status. There is no great degree of controversy that I know of about the other provisions of the bill.

Mr. Speaker, I yield 5 minutes to the gentleman from Hawaii [Mr. INOUE].

Mr. INOUE. Mr. Speaker, on August 23, 1959, I stood before you in this well to take the oath of office as the first U.S. Representative from the new and sovereign State of Hawaii. At that moment I was extremely tempted to address this distinguished body to express the deep and warm gratitude of the people of Hawaii for your action in granting statehood to Hawaii. Although belated, may I now take this opportunity to express to you, in behalf of the people of Hawaii, our "mahalo" and warm "aloha." "Mahalo" means thank you, and "aloha" means many things—it means a friendly hello, a fond farewell, but above all, it means warm love and friendship.

Today, this body is considering H.R. 11602, a bill to amend certain laws of the United States in light of the admission of the State of Hawaii into the Union, and for other purposes. The distinguished chairman of the Subcommittee on Territories of the House Committee on Interior and Insular Affairs, the Honorable LEO W. O'BRIEN, has most adequately explained the provisions of this bill. This bill is a supplement to the action taken by this body in granting statehood to Hawaii.

It provides for certain benefits long denied us because of our territorial status, and also because of our geographic separation from the continental United States. Furthermore, it provides for the restoration of certain benefits which we enjoyed as a territory, but subsequently denied us upon the granting of statehood.

The initial drafting of this measure was done by the Budget Bureau under the supervision of Dr. Harold Seidman. I wish to, at this time, express my gratitude to Dr. Seidman and his staff for carrying on the monumental project of preparing this Hawaii omnibus bill.

I would also like to express the gratitude of the people of Hawaii to the very distinguished chairman of the House Committee on Interior and Insular Affairs, the distinguished gentleman from Colorado, the Honorable WAYNE N. ASPINALL; to the distinguished chairman of the Subcommittee on Territories, the gentleman from New York, the Honorable LEO W. O'BRIEN; and to the distinguished ranking minority member of the committee, the gentleman from Pennsylvania, the Honorable JOHN P. SAYLOR; and to all of the members of the distinguished committee. The people of Hawaii will be forever indebted to the distinguished members of the House Committee on Interior and Insular Affairs for their compassion and understanding in advocating greater self-government and self-determination to the proud people of Hawaii.

I have looked forward to this day for a long time. The several months I have

spent with you have been most enjoyable and encouraging. I shall never forget your many courtesies and your kindnesses. I am indeed very proud to be one of your colleagues.

Thank you.

Mr. COLMER. Mr. Speaker, will the gentleman yield?

Mr. INOUE. I shall be very happy to yield to the gentleman from Mississippi.

Mr. COLMER. I would like to ask the gentleman if I correctly understand the purpose of this \$6 million proposition. That is, that you get certain lands, like other States have gotten, for educational purposes.

Mr. INOUE. Under the Morrill Act of 1860, every State was given 30,000 acres of land for each Representative in Congress. Because of the land situation in Hawaii, I have asked the committee to grant the State of Hawaii money in the sum of \$6 million—in lieu of a land grant. But as the chairman stated, we will not receive this grant of \$6 million but we will receive the interest on it.

Mr. COLMER. In other words, instead of getting the land you are getting money in the form of a revolving fund?

Mr. INOUE. That is correct.

Mr. COLMER. I wondered why you could not get land. Can you give us some light on that subject?

Mr. INOUE. As the gentleman from New York [Mr. O'BRIEN] stated, we have no public domain where we can have 90,000 acres of land available for such purpose. Most of the Federal lands are used for military purposes.

Mr. COLMER. I just wanted to get that straight in my own mind. Of course, as one who opposed the admission of Hawaii as a State, I still think that having been admitted as a State, it is entitled to the same treatment that all other States of the Union received.

May I say in this connection that I am also very happy the gentleman who is now addressing the Chamber is and has the great honor of being the first Representative from Hawaii. I happen to know that the gentleman is quite a war hero, if I may say that without embarrassment to him. I knew about him long before he came to Congress. He trained in my State of Mississippi and rendered valiant service to the cause of our great common country of which he is now a part. I welcome him to this Chamber and congratulate the people of Hawaii on their wisdom in selecting him to be their first Congressman.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. INOUE. I shall be very happy to yield to the majority leader.

Mr. McCORMACK. I want to congratulate the gentleman from Hawaii [Mr. INOUE] on the able presentation he has made here on this bill which means so much to the State and the people of Hawaii.

The gentleman from Hawaii [Mr. INOUE] has made an outstanding record already in this body and enjoys the confidence and respect of his colleagues. He serves his people in a manner which reflects the greatest credit upon them.

They are justified in feeling proud of the gentleman and the character of public service he renders.

Mr. INOUE. I thank my leader for his compliments.

Mr. RIVERS of Alaska. Mr. Speaker, will the gentleman yield?

Mr. INOUE. I am happy to yield to my colleague from Alaska.

Mr. RIVERS of Alaska. Mr. Speaker, I rise in support of H.R. 11602, known as the Hawaiian omnibus bill, introduced by our distinguished colleague, DANIEL INOUE, of Hawaii. At the outset I wish to compliment the gentleman from Hawaii upon the fine job he is doing for our 50th State, and to express my pleasure in his friendship and in serving with him in this great legislative body.

My work last year in behalf of the Alaska omnibus bill, in association first with the chairman of the Subcommittee on Territorial and Insular Affairs, the able and dedicated gentleman from New York, LEO O'BRIEN, and then with the chairman of the full Committee on Interior and Insular Affairs, the distinguished gentleman from Colorado, WAYNE ASPINALL, and the other fine members of the committee, highlighted the need of an omnibus bill for a new State. The very fact of a grant of statehood to an erstwhile territory compels provisions for an orderly transition from territorial status to full-fledged State operations. Also required are amendments to numerous Federal statutes making them applicable to the new State on an equal footing with the other States, and many technical amendments to the United States Code deleting inappropriate references and otherwise bringing the United States Code in conformance with the new situation.

This bill, first drafted by the Bureau of the Budget along the lines set forth in the Alaska omnibus bill enacted a year ago, has been painstakingly considered by the subcommittee and the full committee of which I am a member, and is, in my opinion, admirably suited to meet the need, and constitutes legislation which I unqualifiedly recommend to this House for passage.

(Mr. RIVERS of Alaska asked and was given permission to revise and extend his remarks.)

Mr. SAYLOR. Mr. Speaker, I yield myself such time as I may require.

(Mr. SAYLOR asked and was given permission to revise and extend his remarks.)

Mr. SAYLOR. Mr. Speaker, the action we are taking today might be called the windup of statehood for Alaska and Hawaii. During the 85th Congress and the 1st session of the 86th Congress, the House and the Senate in their wisdom overwhelmingly admitted into the sisterhood of States these two great territories.

Last year the House Interior and Insular Affairs Committee brought to the floor for consideration and adoption a bill which would wipe out all the inequities and inconsistencies in existing laws affecting the new State of Alaska. This year there has been introduced and there is presented now for your consideration a bill which will do the same

thing for the new State of Hawaii. If you will examine carefully the report which came to our committee from the Bureau of the Budget you will be surprised to find that the bill was referred to the Committee on Interior and Insular Affairs. The Speaker and Parliamentarian could have assigned this bill to any one of a number of committees, Banking and Currency, Education and Labor; in fact, he could have assigned it to every committee of the House except the Committee on Rules, and I think they might even have found a rule to allow it to go to the Rules Committee, because this bill covers some phase of jurisdiction of each one of those committees. But under the procedure adopted by the Speaker it was referred to the House Committee of Interior and Insular Affairs, I would like to take this opportunity to commend the chairman of our committee, the gentleman from Colorado [Mr. ASPINALL] because, even though this was referred to our committee he directed a letter to the chairman of each of the other committees of the House calling their particular attention to the section of the bill affecting their jurisdiction and asked them for any comments or changes they wanted to make in this legislation.

It shows the manner in which this great House operates, because the Chairman and the staffs of the respective committees all cooperated with the Committee on Interior and Insular Affairs to make this bill possible.

Mr. ASPINALL. Mr. Speaker, will the gentleman yield?

Mr. SAYLOR. I yield to the gentleman from Colorado.

Mr. ASPINALL. I commended the gentleman from New York [Mr. O'BRIEN] and the gentleman from Hawaii [Mr. INOUE], and I wish to commend also the gentleman from Pennsylvania [Mr. SAYLOR] for his cooperative approach and effective aid in the consideration of legislation leading to the approval of the status of statehood for Alaska and Hawaii, and the necessary legislation needed to bring these two States in a full relationship with the other States. I extend a like commendation to my friend and colleague from Washington [Mr. WESTLAND].

At this time I would like to advise the House that Mr. SISK, Mr. MCGINLEY, Mr. WESTLAND, Mr. O'BRIEN of New York, and Mr. INOUE traveled extensively throughout the Pacific area last fall on a committee assignment from my committee, paying attention to the problems treated in this particular legislation as well as those in the Pacific area described as the American Samoan Islands, the Island of Guam, and the trust territory over which our Government presently has jurisdiction. They rendered a difficult and valuable service for the Federal Congress and the citizens of the United States.

#### CALL OF THE HOUSE

Mr. HOFFMAN of Michigan. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently no quorum is present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 91]		
Alexander	Farbstein	Meador
Alford	Fino	Merrow
Anderson,	Flynn	Mitchell
Mont.	Fogarty	Montoya
Anfuso	Forand	Moorhead
Ashley	Frazier	Morris, Okla.
Ayres	Garmatz	Nix
Barden	Glaimo	Osmers
Barry	Gilbert	Pilcher
Bass, N.H.	Glenn	Pillion
Bentley	Granahan	Porter
Blatnik	Gray	Powell
Bolling	Green, Oreg.	Quigley
Bonner	Griffin	Rogers, Tex.
Bow	Griffiths	Roosevelt
Brewster	Halpern	Rostenkowski
Brown, Mo.	Hays	Santangelo
Buckley	Healey	Scott
Cahill	Herbert	Short
Canfield	Hemphill	Smith, Kans.
Cederberg	Holland	Staggers
Chelf	Irwin	Steed
Coffin	Jackson	Stratton
Corbett	Johnson, Colo.	Stubblefield
Curtis, Mass.	Kearns	Sullivan
Curtis, Mo.	Keogh	Taylor
Davis, Tenn.	Kilburn	Teller
Dent, Pa.	Kilday	Thompson, N.J.
Devine	Kluczyński	Van Pelt
Diggs	Lafore	Walter
Dingell	Landrum	Williams
Dorn, N.Y.	Lesinski	Wilson
Dulski	McDowell	Wolf
Durham	McGovern	Zelenko
Fallon	Macdonald	

The SPEAKER. On this rollcall 327 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

#### AMENDING CERTAIN LAWS CONCERNING STATE OF HAWAII

The SPEAKER. The Chair recognizes the gentleman from Pennsylvania [Mr. SAYLOR].

Mr. ASPINALL. Mr. Speaker, will the gentleman yield?

Mr. SAYLOR. I yield.

(Mr. ASPINALL asked and was given permission to revise and extend his remarks prior to the quorum call.)

Mr. THOMSON of Wyoming. Mr. Speaker, will the gentleman yield?

Mr. SAYLOR. I yield to the gentleman from Wyoming.

Mr. THOMSON of Wyoming. Mr. Speaker, I would like to ask the gentleman a question or two with reference to section 48 of the bill, amending section 309(a) of the Tariff Act of 1930. There is a justifiable concern with regard to this on the west coast and in the Rocky Mountain area, due to soft market conditions in the petroleum and petroleum-products industry in these regions and the possibility of this amendment aggravating that situation. Am I correct in my understanding that there is an amendment under consideration with reference to this section to exclude petroleum products from the operation of the amendment?

Mr. SAYLOR. That is correct. It was called to our attention, and the reason this amendment was placed in it was to make sure that the carriers have the same privilege with regard to the tax on

cigarettes, liquor, and playing cards that their competitors have in the same trips with ships which would leave either the east-coast ports or the gulf-coast ports and go to Hawaii. It was never intended to go as far, apparently, as the amendment does. It is one of the things that was called to the attention of the other body, and I am sure it will be corrected when it gets there.

Mr. THOMSON of Wyoming. At the present time, as the gentleman has indicated, it is impossible under the rules and procedures of the House to amend the bill, but the other body does have it under consideration. With the understanding that an amendment has been offered in the other body to exclude petroleum products and that it will be supported by the House conferees, I am not going to oppose this legislation at this time. Unless such action is taken, though, I would oppose it as it comes from conference.

(Mr. THOMSON of Wyoming asked and was given permission to revise and extend his remarks.)

(Mr. SAYLOR asked and was given permission to revise and extend his remarks.)

Mr. O'BRIEN of New York. Mr. Speaker, I have no further requests for time.

The SPEAKER. The question is: Will the House suspend the rules and pass the bill?

The question was taken; and (two-thirds having voted in favor thereof), the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

#### LEGISLATIVE OVERSIGHT COMMITTEE

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that the Legislative Oversight Committee may sit today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

#### SMALL BUSINESS INVESTMENT ACT AMENDMENTS OF 1960

Mr. SPENCE. Mr. Speaker, I move to suspend the rules and pass the bill (S. 2611) to amend the Small Business Investment Act of 1958, and for other purposes, with amendments.

The Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Small Business Investment Act Amendments of 1960".*

Sec. 2. As used in this Act, unless otherwise indicated, references to "the Act" are to the Small Business Investment Act of 1958, as approved August 21, 1958 (72 Stat. 689).

Sec. 3. Section 103 of the Act is amended by deleting the paragraph numbered (4) and inserting, in lieu thereof, the following: "the term 'State' includes the several States, the Territories and possessions of the United States, the Commonwealth of Puerto Rico, and the District of Columbia."

Sec. 4. Subsection 301(d) of the Act is amended by deleting the paragraph thereof

numbered (9); and by respectively redesignating the paragraphs thereof numbered (10) and (11) as (9) and (10).

Sec. 5. Subsection 302(b) of the Act is amended by deleting the first word and inserting in lieu thereof the following: "Notwithstanding the provisions of section 6(a) (1) of the Bank Holding Company Act of 1956, shares".

Sec. 6. Section 304 of the Act is amended to read as follows:

#### "PROVISION OF EQUITY CAPITAL FOR SMALL-BUSINESS CONCERNS

"Sec. 304. (a) It shall be a function of each small business investment company to provide a source of equity capital for incorporated small-business concerns, in such manner and under such terms as the small business investment company may fix in accordance with the regulations of the Administration.

"(b) Before any capital is provided to a small-business concern under this section—

"(1) the company may require such concern to refinance any or all of its outstanding indebtedness so that the company is the only holder of any evidence of indebtedness of such concern; and

"(2) except as provided in regulations issued by the Administration, such concern shall agree that it will not thereafter incur any indebtedness without first securing the approval of the company and giving the company the first opportunity to finance such indebtedness.

"(c) Whenever a company provides capital to a small-business concern under this section, such concern shall have the right, exercisable in whole or in such part as such concern may elect, to become a stockholder-proprietor by investing in the capital stock of the company 5 per centum of the amount of the capital so provided, in accordance with regulations prescribed by the Administrator."

Sec. 7. Title 26, chapter 6, section 26-610 of the District of Columbia Code, 1951 edition, is amended by inserting after the word "associations" the following: "small business investment companies licensed and operating under the Small Business Investment Act of 1958".

The SPEAKER. Is a second demanded?

Mr. McDONOUGH. Mr. Speaker, I demand a second.

A second was considered as ordered.

Mr. SPENCE. Mr. Speaker, this is an amendment to the Small Business Investment Act of 1958. It makes two substantial changes. It provides that the small business investment organization may make direct purchases of stock from the borrowing corporation. It authorizes small business investment companies to purchase stock in small business concerns and relieves the small business concern from compulsory purchasing of stock in the investment company.

I think that will encourage the investment of equity capital in small businesses. They are in need of equity capital and long-term loans. We hope that this will stimulate small business. Small business is essential to the economy of our Nation. Without small business we could not have the free competitive enterprise system. If we destroy small business our economy will be controlled by a few great corporations. It would be a concentration of power that would be disastrous to the welfare of our people and the prosperity of our country.

I hope that this bill will be passed. It came out of the committee without a

dissenting vote, and I am sure there can be no opposition to the bill in the House.

Mr. McDONOUGH. Mr. Speaker, I have no proposed amendments. Neither do I have any serious objection to this bill. This is a proposal by the House Banking and Currency Committee to expand and increase the facilities of small business in all parts of the Nation. One of the things that I think is extremely beneficial in this proposal to expand small business is that it will supplement and provide a means for employment. This should be a vehicle where depressed areas can be improved by this small business organization expanding manufacturing facilities and retail facilities and service organizations in areas where employment may be low at the present time, and do it on a free enterprise basis, without the type of legislation that was passed in the House recently.

We are not opposing the bill, but I wanted to make this point while we were debating it.

I yield 5 minutes to the gentleman from Kansas [Mr. AVERY].

Mr. AVERY. Mr. Speaker, I do not think I will use the entire 5 minutes. I merely wanted to comment in passing that the amendments to the Small Business Investment Act being considered today were almost identical to the recommendations that flowed from the Subcommittee No. 1 of the Select Committee on Small Business.

Rather extensive hearings were held under the chairmanship of the gentleman from Tennessee [Mr. EVINS], who is on the floor; and we are glad indeed the Banking and Currency Committee saw fit to agree to the recommendations of Subcommittee No. 1 of the Small Business Committee. We support the amendments and urge the passage of this bill.

The amendments to the Small Business Investment Act of 1958 as incorporated in the bill presently under consideration—S. 2611—are consistent with the steady progress and improvement which has characterized Executive and congressional action on the Small Business Act since its inception. The many fine accomplishments of the Small Business Administration were summarized by the Ranking Minority Member of the House Small Business Committee, the gentleman from Ohio [Mr. McCULLOCH], in his remarks as carried in the CONGRESSIONAL RECORD of March 24, 1960—page A2677-A2678.

May I mention the fact that the gentleman from West Virginia [Mr. MOORE], who also serves on Subcommittee No. 1 of the House Small Business Committee, introduced on June 11, 1959, the original bill—H.R. 7691—which contained amendments recommended to our subcommittee by the Administrator of the Small Business Administration at the subcommittee hearings held in May 1959. The bill before us is substantially in keeping with Mr. MOORE's bill and the recommendations of the administration. Mr. MOORE and I also had the pleasure of supporting this legislation before Subcommittee No. 3 of the House Banking and Currency Committee, which subcommittee is presided over by the chairman of the Select Committee on Small Business, the gentleman from

Texas [Mr. PATMAN], who I understand will speak in support of the bill later this afternoon.

(Mr. AVERY asked and was given permission to revise and extend his remarks.)

Mr. ALGER. Mr. Speaker, this act to amend the Small Business Investment Act is another one of many alleged Federal aids to the small businessman, in this instance to help secure equitable capital for investment. Does this act, and do any of the other Federal aids, actually provide the basic help needed? Is not a tax cut what the small businessman really needs? Suppose, for example, the small businessman could keep the money he earns that he now pays out in taxes. Would not this provide the additional equitable capital needed for business expansion? Now, suppose, on the other hand, we build the Federal bureaucracy through various alleged Federal aids for the small businessman, all of which, machinery and personnel, costs more money, that is more taxation. Then we tax the small businessman more to pay for these services offered him. Are we not actually hurting him, not helping him, by imposing a greater tax-load?

It is my firm conviction that the way to help the small businessman is not to increase the Federal bureaucracy but cut back Government spending and, as quickly as we can, cut down the taxation of all our citizens, including the small businessman. This would be the greatest thing we could do for a small businessman.

From another standpoint, this bill is questionable. Small businessmen know where and how to get loans without Federal aid.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

(Mr. PATMAN asked and was given permission to revise and extend his remarks.)

Mr. PATMAN. Mr. Speaker, in 1958 the Congress enacted the Small Business Investment Act to encourage the establishment of privately owned small business investment companies. This legislation was enacted in recognition of the fact that existing financial institutions such as commercial banks were not prepared or designed to satisfy the needs of small business for equity capital and long-term loans. The act authorized the Small Business Administration to assist the proposed new Small Business Investment Companies to get started. We have now had about 20 months of experience operating under the 1958 act and 95 of these investment companies have been licensed. While this is a start, there is general agreement that some amendments to the 1958 act are needed if this new program is to meet the needs of small business properly. S. 2611 would make some changes in the 1958 act which I hope will make this program operate more effectively.

The first change the bill would make would be to open up new ways in which small business investment companies may furnish equity capital to small business concerns. Under the 1958 act as it stands today the only way this can be done is for the small business invest-

ment company to buy debentures of the small business concern which are convertible at the option of the investment company into the small business concern's stock. S. 2611 would provide instead that the small business investment company may furnish this capital in other forms to be authorized by the Small Business Administration regulations—such as by directly buying stock in the small business concern, or by buying debentures with detachable stock rights.

S. 2611 would also repeal the requirement of the 1958 act that a small business concern must purchase stock in any small business investment company from which it gets equity capital. This requirement has proved objectionable to the small business concerns who look upon it as an additional expense of obtaining equity funds. S. 2611, as reported by the committee, would repeal this mandatory requirement but preserve for the small business concern the option of buying stock in the investment company up to 5 percent of the amount of capital furnished.

The bill would also make certain other changes in the law again designed to increase the effectiveness of this new program. Further experience under the program may reveal additional changes which should be made but I am hopeful that the bill will prove a big step forward in providing small businesses with the equity capital that they need so sorely if they are to play their proper role in our expanding economy.

The report of our committee is inserted herewith:

SMALL BUSINESS INVESTMENT ACT AMENDMENTS OF 1960

The Committee on Banking and Currency, to whom was referred the bill (S. 2611) to amend the Small Business Investment Act of 1958, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Page 1, line 4, strike out "1959" and insert "1960" in lieu thereof.

Page 2, strike out all of lines 12 through 19 and insert in lieu thereof the following:

"Sec. 6. Section 304 of the Act is amended to read as follows:

"PROVISION OF EQUITY CAPITAL FOR SMALL BUSINESS CONCERNS

"Sec. 304. (a) It shall be a function of each small business investment company to provide a source of equity capital for incorporated small-business concerns, in such manner and under such terms as the small business investment company may fix in accordance with the regulations of the Administration.

"(b) Before any capital is provided to a small-business concern under this section—

"(1) The company may require such concern to refinance any or all of its outstanding indebtedness so that the company is the only holder of any evidence of indebtedness of such concern; and

"(2) except as provided in regulations issued by the administration, such concern shall agree that it will not thereafter incur any indebtedness without first securing the approval of the company and giving the company the first opportunity to finance such indebtedness.

"(c) Whenever a company provides capital to a small-business concern under this section, such concern shall have the right, exercisable in whole or in such part as such concern may elect, to become a stockholder-

proprietor by investing in the capital stock of the company 5 per centum of the amount of the capital so provided, in accordance with regulations prescribed by the Administrator."

PURPOSE OF THE BILL

The primary purpose of the Small Business Investment Act of 1958 is to make equity-type capital and long-term credit more readily available for small business concerns, through encouraging the establishment of privately owned small business investment companies (referred to in this report as SBIC's). S. 2611 would amend this 1958 act in order to remove certain obstacles which have impeded the realization of this goal. The bill was ordered reported by unanimous vote of your committee, and it has the support of the Small Business Administration.

Under the 1958 act, each SBIC must have a minimum initial paid-in capital and surplus of \$300,000, of which \$150,000 may be supplied by the Small Business Administration through purchase of subordinated debentures of the SBIC. SBA may also make loans to any SBIC, up to 50 percent of its capital and surplus. Today an SBIC can supply funds to a small business concern in two ways: (1) By having the small business concern's unsecured debentures, convertible into stock in the concern, at sound book value as determined at the time the debentures are issued; or (2) by making term loans (not involving equity interest) of 5 to 20 years.

S. 2611 would open up new methods by which SBIC's may furnish equity capital to small businesses. Under the 1958 act, as indicated above, this can be done only by purchasing convertible debentures. S. 2611 would allow SBIC's to furnish capital in other forms to be authorized by regulation of the Small Business Administration (such as by directly buying stock in small business concerns, or by buying debentures with severable or detachable stock rights).

S. 2611 would also repeal the requirement that a small business concern must purchase stock in any SBIC from which it gets equity capital. Instead, the bill as reported would grant the small business concern an option (exercisable in whole or in part) to buy stock in the SBIC equal to 5 percent of the capital supplied. Other provisions of S. 2611 would authorize a bank that is a subsidiary of a holding company to invest up to 1 percent of its capital and surplus in any SBIC (this is now prohibited where the SBIC is a subsidiary of the same holding company); would extend the act to possessions of the United States, such as Guam; would exempt SBIC's in the District of Columbia from the District of Columbia small loan law; and would make certain other technical amendments, explained below in the section-by-section summary of the bill.

BACKGROUND OF THE BILL

In the 20 months that have passed since Congress enacted the Small Business Investment Act of 1958, the Small Business Administration has licensed 95 SBIC's. While this represents a hopeful beginning, it falls short of SBA's own expectations, and there is general agreement that some changes in the act are needed to remove restrictions that have deterred formation of SBIC's.

The following is a more detailed summary of the status of SBA actions on SBIC applications as of May 6, 1960:

Total proposals (preliminary applications received in Washington office).....	189
Total initial capital and surplus .....	\$78,360,504
Federal funds requested through purchase of subordinated debentures under sec. 302 of the act.....	\$20,280,550

Footnote at end of table.